

26TH ANNUAL REPORT
2009-10

GCIL

Gujarat Craft Industries Limited

GCIL**GUJARAT CRAFT INDUSTRIES LIMITED****26TH ANNUAL REPORT 2009-10**

BOARD OF DIRECTORS	: Shri Ashok Chhajer Shri Binod Chhajer Shri Kashyap R. Mehta Shri Alpesh R. Tripathi	Chairman & Managing Director Director Director Director
AUDITORS	: M/s. Kantilal Patei & Co., (a member firm of Polaris International, USA) Chartered Accountants Ahmedabad.	
BANKERS	: State Bank of India	
REGISTERED OFFICE & WORKS	: Plot No.431, Santej-Vadsar Road, Village : Santej, Taluka : Kalol - 382 721. Dist. : Gandhinagar	
OFFICE	: 35, Omkar House, Near Swastik Cross Roads, C. G. Road, Navrangpura, Ahmedabad - 380 009.	
REGISTRAR AND SHARE TRANSFER AGENTS	: M/s. Link Intime (India) Private Limited 211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad – 380 009.	

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NOTICE

NOTICE is hereby given that the **TWENTYSIXTH ANNUAL GENERAL MEETING** of the Members of **GUJARAT CRAFT INDUSTRIES LIMITED** will be held as scheduled below:

Date : 25th September, 2010
 Day : Saturday
 Time : 12.00 Noon
 Place : At the Registered Office of the Company at:
 Plot No.431, Santej-Vadsar Road,
 Village : Santej, Taluka : Kalol-382 721 Dist : Gandhinagar

to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt the Audited Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as on that date along with the Directors' Report and Auditors' Report thereon.
2. To appoint Director in place of Shri Binod Chhajer, who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act,1956 to mortgage or charge by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situated, present and future, and/or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of The State Bank of India (the Bank) to secure Term Loan of Rs. 1248 Lacs (Total of all advance limits) lent and advanced/agreed to be lent/advanced to the Company by the Bank together with interest thereon at the agreed rate, compound interest, additional interest, liquidated damages, costs, charges, expenses and other monies payable by the Company to the Bank under the Loan Agreements entered into/to be entered into by the Company in respect of the said Term Loan."

"RESOLVED FURTHER THAT the Board of Director of the Company be and is hereby authorised to finalise with the Bank the documents for creating aforesaid mortgage and/or the charge and to do all such acts and things as may be necessary for giving effect to the above resolution."

Registered Office:

Plot No. 431, Santej-Vadsar Road,
 Village:Santej, Taluka:Kalol-382 721.
 Dist:Gandhinagar.
 Date :29th May, 2010.

By Order of the Board,

Ashok Chhajer
 Chairman & Managing Director

NOTES:

1. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business at Item No. 4 set out in the Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. THE INSTRUMENTS APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Pursuant to Section 154 of the Companies Act, 1956, Register of Members and Share Transfer Book of the Company will remain closed from Wednesday, the 8th September, 2010 to Saturday, the 25th September, 2010 (both days inclusive).
4. Members intending to require information about accounts at the meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.
5. Members are requested to:
 - a) Intimate, if shares are held in the same name or in the same order and names, but in more than one account to enable the company to club the said accounts into one account.
 - b) Notify immediately the change in their registered address, if any, to the Company.
6. The Equity Shares of the Company are now available for dematerialisation, as the Company has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Those shareholders who wish to hold shares in electronic form may approach their Depository Participant. The ISIN No. of the Equity Shares is INE372D01019.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, following Explanatory Statement sets out all material facts relating to the Special Business mentioned at Item No. 4 of the accompanying notice dated 29th May, 2010 and should be taken as forming part of the notice.

In respect of Item No. 4 :

State Bank of India (the Bank) has renewed/enhanced Term Loan and Working Capital facilities of Rs. 1248 Lacs. The facilities are to be secured by hypothecation of entire goods, movables and other assets and further secured by deposit of title deeds of the existing immovable properties of the Company with intent to create a security in favour of the Bank.

Section 293(1) (a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a Public Company shall not, without the consent of such public in General Meeting sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole, of any such undertaking.

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the Bank may be regarded as, disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under Section 293(1)(a) of the Companies Act, 1956.

Copy of Loan Agreement, Deed of Hypothecation, correspondence of the Company with the Bank and copies of the relevant documents/correspondence between the Bank and the Company are open for inspection at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the meeting.

None of the Directors is in any way concerned or interested in the aforesaid resolution.

Your Directors recommend the Resolutions.

Registered Office:

Plot No. 431, Santej-Vadsar Road,
Village:Santej, Taluka:Kalol-382 721.
Dist:Gandhinagar.
Date :29th May, 2010

By Order of the Board,

Ashok Chhajer
Chairman & Managing Director

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the TWENTYSIXTH Annual Report together with the Audited statement of accounts for the Financial Year 2009-10 ended on 31st March, 2010.

1. FINANCIAL RESULTS:

	(Rs. in lacs)	
	<u>2009-10</u>	<u>2008-09</u>
Operating Profit (Before Interest & Depreciation)	201.51	204.18
Less : Financial Expenses	109.53	119.54
Profit before Depreciation	91.98	84.64
Less : Depreciation	51.77	40.59
Profit before tax	40.21	44.05
Less : Provision for current Tax	8.71	4.54
Deferred Tax Liability	1.38	10.27
Provision for Fringe benefit tax	-	0.80
Income Tax of Earlier Years	0.02	0.08
Profit after tax	30.10	28.36
Add: Balance Brought Forward from Previous year	194.65	166.29
Balance carried to Balance Sheet	<u>224.75</u>	<u>194.65</u>

2. DIVIDEND:

With a view to conserve the resources for the working capital requirement of the Company, the Board of Directors have not recommended dividend for the year under review.

3. REVIEW OF OPERATIONS:

The Production of PP/HDPE-Fabrics/Sacks/ Tarpaulin was 2,825 M.T. during the year under review against 2,993 M. T. during 2008-09. The Gross Sales during the year under review was Rs. 2816 lacs compared to Rs. 2751 lacs during 2008-09.

The Operating Profit (Before Interest and Depreciation) was Rs.201.51 lacs during the year under review compared to Rs. 204.18 lacs during 2008-09. The Profit before Tax for the year under review was Rs. 40.21 lacs against Rs. 44.05 lacs during 2008-09. The Net Profit of the Company stood at Rs. 30.10 lacs compared to Rs. 28.36 lacs for the year 2008-09.

The Company was able to export material worth Rs. 530.30 lacs during the year under review compared to Rs. 775.18 lacs during 2008-09. The management is of the firm opinion that during the current year, the export market will improve and in turn, the exports of the Company will increase to a greater extent.

4. RECOGNITION AS ONE STAR EXPORT HOUSE:

The Director General of Foreign Trade, on the basis of Export performance of the Company, has accorded / recognised the Company as One Star Export House.

5. FINANCE:

The Company is enjoying Financial Assistance in the form of term loans and working capital facilities of Rs. 1248 lacs from State Bank of India, Ahmedabad.

6. DIRECTORS:

One of your Directors viz. Shri Binod Chhajer, retires by rotation in terms of Articles 153 and 154 of the Articles of Association of the Company. He, however, being eligible offers himself for reappointment.

7. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at 31st March, 2010 being end of the Financial Year 2009-10 and of the profit of the Company for the year;
- (iii) that the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

8. CHANGE OF REGISTRAR AND TRANSFER AGENTS:

During the period under review the Registrar and Transfer Agents of the Company have been changed to M/s. Link Intime (India) Private Limited.

9. DEMATERIALISATION OF EQUITY SHARES:

The Company has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Shareholders have an option to dematerialise their shares with either of the depositories. The ISIN No. allotted to the Equity Shares of the Company is INE372D01019.

10. LISTING:

The Equity Shares of the Company are listed on Ahmedabad, Mumbai and Chennai Stock Exchanges and the Company is generally regular in payment of Annual Listing Fees to all these Stock Exchanges.

11. CORPORATE GOVERNANCE:

The Report on Corporate Governance as per Clause 49 of the Listing Agreement is annexed.

12. GENERAL:

12.1 INSURANCE: The Company's properties including Building, Plants, and Machineries, Stock, Stores etc. continued to be adequately insured against risks such as fire, riots, strikes etc.

12.2 AUDITORS: The present Auditors of the Company M/s. Kantilal Patel & Co., Chartered Accountants, Ahmedabad will retire at the ensuing Annual General meeting. They have submitted their eligibility for reappointment under section 224(1-B) of the Companies Act, 1956. The Members are advised to appoint Auditors at the ensuing Annual General Meeting.

The remarks of Auditors in paragraph 4 (vi) of their Report relating to non provision of doubtful debts is explained in note 2(i) of Schedule 18 to the accounts.

12.3 PARTICULARS OF EMPLOYEES: There is no employee drawing remuneration, which requires disclosures under the Companies (Particulars of Employees) Rules, 1975.

12.4 DEPOSITS: The Company has not accepted any Deposits from general public or from Shareholders during the year under review.

13. PERSONNEL:

Industrial relations continued to remain cordial and peaceful during the year under review.

14. COMPLIANCE CERTIFICATE UNDER THE COMPANIES ACT, 1956:

Your Company has obtained Compliance Certificate as required under the Proviso to Section 383A of the Companies Act, 1956 from M/s. Mehta Hurkat & Associates, Company Secretaries, Ahmedabad which is attached to the Directors' Report.

15. PARTICULARS AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988, IS AS PER ANNEXURE -I ANNEXED HEREWITH.

16. ACKNOWLEDGMENT:

Your Directors express their sincere gratitude for the assistance and co-operation extended by Financial Institutions, Banks, Government Authorities, Shareholders, Suppliers and Customers.

Your Directors also wish to place on record their appreciation of the contribution made by the employees at their levels towards achievements of the Company's goals.

for and on behalf of the Board,

Ashok Chhajer

Chairman & Managing Director

Place : Ahmedabad.

Date : 29th May, 2010.

ANNEXURE - I

A. CONSERVATION OF ENERGY :

- a) Energy consumption measures taken, Additional Proposals and its impact.
The Company has installed Power factor panels so as to reduce overall power consumption.
- b) Total Energy consumption and Energy Consumption per unit of production as per Form A prescribed in the Rules is as under:

Disclosure of particulars with respect to Conservation of Energy:**A. Power and fuel Consumption**

	Current Year 2009-10	Previous Year 2008-09
1. Electricity		
a) Purchased		
Unit	2635140	2280780
Total amount (Rs. in Lacs)	147.56	123.33
Rate/Unit Rs.	5.60	5.41
b) Own generation		
Through Diesel Generator		
Unit	Nil	Nil
Total Amount (Rs. in Lacs)	Nil	Nil
Rate/Unit Rs.	Nil	Nil
c) Own generation		
Through Gas		
Unit	Nil	5152
Total Amount (Rs. in Lacs)	Nil	0.13
Rate/Unit Rs.	Nil	2.58
2. Coal	N.A.	N.A.
3. Furnace Oil	N.A.	N.A.
4. LSHS (Rs. in Lacs)	Nil	Nil
B. Consumption per Unit of Production of HDPE / PP / Fabrics/Sacks (K.G.)	1.072	1.309

B. TECHNOLOGY ABSORPTION :

- a) The Company has not carried any Research & Development activities during the year under Report.

- b) Activities relating to Exports, initiatives taken.

The Company exported material worth Rs. 530.30 Lacs during the year under review. The visits of Directors/ officers to the prospective customers in the foreign countries are being planned to have face-to-face discussions and quick decision relating to exports.

- c) Total Foreign Exchange earned and used.

The Company has earned Foreign Exchange of Rs.530.30 Lacs during the year under review by way of export and has spent Rs.16.9 lacs for foreign travelling, 223.01 lacs for raw materials and Rs. 0.82 lacs for Machines.

for and on behalf of the Board,

Place : Ahmedabad.
Date : 29th May, 2010.

Ashok Chhajer
Chairman & Managing Director

FORM
[SEE RULE 3]
Compliance Certificate

To,
The Members,
Gujarat Craft Industries Limited,
Plot No. 431, Santej – Vadsar Road,
Village: Santej, Taluka: Kalol – 382 721.
Dist.: Gandhinagar

We have examined the registers, records, books and papers of Gujarat Craft Industries Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this Certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company is Public Limited Company with its equity shares listed on Ahmedabad Stock Exchange Limited, Bombay Stock Exchange Limited & Chennai Stock Exchange Limited.
4. The Board of Directors duly met seven times on 15th April, 2009, 30th June, 2009, 28th July, 2009, 31st July, 2009, 29th October, 2009, 29th January, 2010 and 5th March, 2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed. The Company has not passed any circular resolution during the year.
5. The Company closed its Register of Members from Wednesday, the 9th September, 2009 to Tuesday, 29th September, 2009 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 29th September, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. The Company has not held Extraordinary General Meeting of the Company during the financial year.
8. The Company has not advanced loan to its directors and/or persons or firms or Companies referred in the Section 295 of the Act.
9. The Company has not entered into any contract with related parties requiring approval of the Central Government within the provisions of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act during the year under review, the Company has not obtained any approvals from the Board of Directors, members or the Central Government as the case may be.
12. The Company has not issued duplicate share certificates during the financial year.

13. The Company has:
 - a. delivered Share Certificates within stipulated time which were lodged for transfer or for any other purpose during the financial year. As there was no allotment of any securities the question of issuance of Certificates does not arise.
 - b. not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - c. not posted any warrants to any members of the company as no dividend was declared during the financial year.
 - d. not transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures, and the interest accrued thereon which have remained unclaimed or unpaid for a period of 7 (seven) years to Investor Education and Protection Fund as there were no such amounts.
 - e. duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and there was no appointment of directors, additional director or director to fill casual vacancy during the financial year.
15. The Company has made reappointment of Managing Director during the year after complying necessary formalities.
16. The Company has not appointed any sole-selling agent during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares/debentures and hence there is no question of redemption of the same.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not accepted or invited any deposit including unsecured loans falling within the purview of Section 58A of the Companies Act, 1956 during the year and hence no comments are offered for the same.
24. The Company has not borrowed during the period under review any money from Directors, members or public, hence no comments are offered for the same. The Company has not invited any deposit during the year under review.
25. During the year the Company has not made any loans or made investment or given guarantee or provided securities to other body corporate.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of Memorandum with respect to the objects of the Company during the year under scrutiny.

28. The Company has not altered the provisions of Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of Memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. There has not been any prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and there was no fines and penalties or any other punishment imposed on the Company in such cases.
32. The Company has not received any amount as security from its employees during the year under certification and hence the question of deposit of the same as per provisions of Section 417(1) of the Act does not arise.
33. The company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.

**For MEHTA HURKAT & ASSOCIATES
COMPANY SECRETARIES**

Place : Ahmedabad
Date : 29th May, 2010

**MANOJ R. HURKAT
PARTNER
COP No. : 2574**

Annexure - A

LIST OF REGISTERS AS MAINTAINED BY THE COMPANY:

1. Register of charges under section 143
2. Register of members under Section 150
3. Index of Members under section 151
4. Minutes book of General Meeting under section 193
5. Minutes book of Board meeting under section 193
6. Minutes books of Committee meetings under section 193
7. Books of Accounts under section 209
8. Register of contracts under section 301
9. Register of general notice of directors under section 301(3)
10. Register of Directors etc. under section 303
11. Register of Directors' shareholding under section 307
12. Register of Intercorporate Loans etc. under section 372A
13. Register of renewed and duplicate certificates under Rules 7 of the Companies (Issue of Share Certificates) Rules, 1960

Annexure – B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during/relating to the financial year ending on 31st March, 2010

A. REGISTRAR OF COMPANIES, GUJARAT:

Sr. No.	Form No.	Under section	Purpose	Date of filing	Whether filed within time ?
1.	Balance Sheet (23AC+23ACA)	220	Balance Sheet as on 31 st March, 2009 with all annexure and attachments	02-10-2009	Yes
2.	Compliance Certificate (66)	383A	Compliance Certificate for the financial year ended 31 st March, 2009	02-10-2009	Yes
3.	Form 23	192	Registration of Resolution with ROC in connection with resolution passed in general meeting held on 29 th September, 2009	02-10-2009	Yes
4.	Form 25C	269	Reappointment of Managing Director	03-10-2009	Yes
5.	Annual Return (20B)	159	Annual Return made up to 29 th September, 2009	02-11-2009	Yes
6.	Form 8	135	Registration of modification of Charge in favour of State Bank of India	17-08-2009	Yes
7.	Form 8	135	Registration of modification of Charge in favour of State Bank of India	17-08-2009	Yes
8.	Form 8	135	Registration of modification of Charge in favour of State Bank of India	26-03-2010	Yes
9.	Form 8	135	Registration of modification of Charge in favour of State Bank of India	26-03-2010	Yes

B. REGIONAL DIRECTOR, CENTRAL GOVERNMENT OR OTHER AUTHORITIES

NIL

For MEHTA HURKAT & ASSOCIATES
COMPANY SECRETARIES

Place : Ahmedabad
Date : 29th May, 2010

MANOJ R. HURKAT
PARTNER
COP No. : 2574

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION:

Corporate Governance is important to build confidence and trust which leads to strong and stable partnership with the Investors and all other Stakeholders. The detailed Report on implementation of Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchange/s is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and ability. The Company has implemented the mandatory requirements of the 'Code of Governance' as mentioned in Clause 49 of the Listing Agreement. The Compliance Report of the Company vis-a-vis the Stock Exchange Listing Agreement is presented below.

2. BOARD OF DIRECTORS:

a) Composition and Category of Directors:

Name of Directors	Category of Directorship	No. of other Directorships *	Committee (1) Membership/ (2) Chairmanship in other companies	No. of Board Meetings attended	Attendance at the AGM. held on 29-09-2009 Yes(Y)/No(N)
Ashok Chhajer Chairman & Managing Director	Promoter- Executive	4	Member:1	7	Y
Binod Chhajer	Promoter- Non- Executive	1	—	7	Y
Kashyap R. Mehta	Independent Non- executive	3	Chairman:3 Member:3	7	Y
Alpesh R. Tripathi	Independent Non- executive	—	—	7	N

* Private companies excluded.

b) Details of the Directors seeking Appointment/Reappointment in forthcoming Annual General Meeting:

Name of Director	Binod Chhajer
Date of Birth	30-07-1957
Date of Appointment	03-04-1990
Expertise in specific functional areas	Finance & Marketing and Management
List of Public Limited Companies in which Directorships held	Asian Gases Limited
Chairman/Member of the Committees of the Board of Directors of the Company	Audit Committee, Remuneration Committee and Shareholders Grievance Committee
Chairman/Member of the Committees of Directors of other companies.	-

c) Board Procedures:

The Board of Directors meets once a quarter to review the performance and Financial Results. A detailed Agenda File is sent to all the Directors well in time of the Board Meetings. The Chairman/Managing Director briefs the Directors at every Board Meeting, overall performance of the Company. All major decisions/approvals are taken at the Meeting of the Board of Directors such as policy formation, business plans, budgets, investment opportunities, Statutory Compliance etc. The meeting of the Board of Directors were held on 15-04-2009, 30-06-2009, 28-07-2009, 31-07-2009, 29-10-2009, 29-01-2010 and 05-03-2010.

3. AUDIT COMMITTEE:

The Audit Committee consists of the following Directors:

Name of the Directors	Expertise	Functions of the Committee	Attendance
Alpesh R. Tripathi	All members are Non-executive. Chairman is independent Director and majority are independent. One member has thorough financial and accounting knowledge.	The functions of the Audit Committee are as per Company Law and Listing Agreement with Stock Exchange(s), which include approving and implementing the audit procedures, review of financial reporting system, internal control procedures and risk management policies.	All the members were present at the meeting held on: 30-06-2009, 31-07-2009, 29-10-2009 & 29-01-2010.
Binod Chhajer			
Kashyap R. Mehta			

4. REMUNERATION COMMITTEE:

The Board Committee is vested with the responsibilities to function as per SEBI Guidelines and recommends to the Board Compensation Package for the Managing Director. It also reviews from time to time the overall Compensation structure and related policies with a view to attract, motivate and retain employees.

The Committee comprises the following Directors as members:

1. Alpesh R. Tripathi, Chairman - Non-executive Independent
2. Binod Chhajer, Member - Non-executive
3. Kashyap R. Mehta, Member - Non-executive Independent

All the members attended the meetings held on 31-07-2009 and 05-03-2010

Details of remuneration paid:

1. The Company paid Managerial Remuneration of Rs. 2.74 lacs to Managing Director during the year 2009-10.
2. No Sitting Fees, Commission or Stock Option has been offered to the Directors.

5. SHAREHOLDERS/INVESTORS' GRIEVANCES COMMITTEE:

The Board has constituted a Shareholders/Investors' Grievances Committee for the purpose of effective redressal of the complaints of the shareholders such as Dematerialisation, Share Transfer, Non-receipt of Balance Sheet, Dividend Warrants etc.

Shri Binod Chhajer, Director and Shri Kashyap R. Mehta, Director are the Members of the Committee.

The Company has not received any complaints during the year. There was no valid request for transfer of shares pending as on 31st March, 2010.

Shri Ashok Chhajer, Managing Director is the Compliance Officer for the above purpose.

6. GENERAL BODY MEETINGS:

Details of last three Annual General Meetings of the Company are given below:

Financial Year	Date	Time	Venue
2006-2007	06-09-2007	12.00 Noon.	Plot No.431, Santej-Vadsar Road, Village: Santej, Taluka : Kalol-382 721, Dist : Gandhinagar.
2007-2008	30-09-2008	12.00 Noon.	
2008-2009	29-09-2009	12.00 Noon.	

Pursuant to the provisions of Section 192 A of the Companies Act, 1956, there was no matter required to be dealt by the Company to be passed through postal ballot.

7. DISCLOSURES:

- a) The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management that may have any potential conflict with the interest of the Company. The Company has no subsidiary.
- b) There has neither been any non-compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the Stock Exchange/s or SEBI or any other authorities, on any matters related to Capital Market during the last three years.

8. MEANS OF COMMUNICATIONS:

- a) In compliance with the requirements of the Listing Agreement, the Company regularly intimates Unaudited/ Audited Financial Results to the Stock Exchange/s immediately after they are taken on record by the Board of Directors. These Financial Results are normally published in 'Western Times' (English and Gujarati).
Results are not displayed on Website and are not sent individually to the Shareholders.
- b) During the year ended on 31st March, 2010, no presentations were made to Institutional Investors or analyst or any other enterprise.
- c) Management Discussion and Analysis form part of the Annual Report.

9. SHAREHOLDERS' INFORMATION:

- a) Registered Office : Plot No.431, Santej-Vadsar Road,
Village: Santej,
Taluka : Kalol-382 721,
Dist : Gandhinagar.
- b) Annual General Meeting : Day : Saturday
Date : 25th September, 2010
Time : 12.00 Noon.
Venue: Plot No. 431,
Santej - Vadsar Road,
Village: Santej,
Taluka : Kalol - 382 721,
Dist : Gandhinagar.
- c) Financial Calendar :
1st Quarter Results : 1st / 2nd week - August, 2010.
Half-yearly Results : 1st / 2nd week - November, 2010.
3rd Quarter Results : 1st / 2nd week - February, 2011.
Audited yearly Results : End - May, 2011.
- d) Book Closure Dates : From : Wednesday,
the 8th September, 2010
To : Saturday,
the 25th September, 2010.
(Both days inclusive).
- e) Dividend Payment Date : The Company has not declared Dividend
- f) Listing of Shares on Stock Exchanges : 1. Ahmedabad Stock Exchange Limited,
Kamdhenu Complex, 1st Floor,
Opp. Sahajanand College, Panjara Pole,
Ambawadi, Ahmedabad - 380 015.
2. Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai - 400 001.
3. Chennai Stock Exchange Limited,
'Exchange Building'
Post Box No.183
11, Second Line Beach,
Chennai-600 001.

g) Stock Exchange Code	:	<u>Stock Exchange</u>	<u>Code</u>
		ASE	20214
		BSE	526965
		CSE	—

h) Registrar and Share Transfer Agents. :

In terms of SEBI Circular No. D&CC/FITTC/CIR-15/2003 dated 27th December, 2002 read with Circular No. D&CC/FITTC/CIR-18/2003 dated 12th February, 2003, on appointment of common agency for share registry work, the Company has appointed the below mentioned agency as Registrars and Share Transfer Agents (RTA) for both Physical and Demat Segment of Equity Shares of the Company:

M/s. Link Intime (India) Private Limited,
211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Navrangpura, Ahmedabad – 380 009.

Tele. No. :(079) 2646 5179 Fax No. :(079) 2646 5179
e-mail Address: ahmedabad@linkintime.co.in

i) ISIN : INE372D01019

j) Share Transfer System :

The transfer of shares in physical form is processed and completed by M/s. Link Intime (India) Private Limited within a period of 25 days from the date of receipt thereof.

k) Stock Price Data : The shares of the Company were traded on The Stock Exchange - Mumbai.

The information on stock price data are as under:

Month	BSE		
	High (Rs.)	Low (Rs.)	Shares Traded (No.)
April, 2009	-	-	-
May, 2009	6.00	6.00	100
June, 2009	6.01	5.14	2,755
July, 2009	5.40	4.96	2,570
August, 2009	5.20	4.32	2,940
September, 2009	8.08	4.75	7,308
October, 2009	9.22	7.50	3,431
November, 2009	9.24	7.84	3,847
December, 2009	8.31	6.53	20,044
January, 2010	9.70	6.75	18,869
February, 2010	7.65	5.57	7,635
March, 2010	10.73	7.01	15,795

l) Distribution of Shareholding as on 31st March, 2010:

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Up to 500	5,268	95.07	7,01,307	22.53
501 to 1000	138	2.49	1,11,697	3.59
1001 to 2000	73	1.32	1,07,802	3.46
2001 to 3000	28	0.51	70,880	2.28
3001 to 4000	11	0.20	39,940	1.28
4001 to 5000	3	0.05	13,300	0.43
5001 to 10000	9	0.16	65,202	2.09
10001 to Above	11	0.20	20,03,172	64.34
Grand Total	5,541	100.00	31,13,300	100.00

m) Category of Shareholders as on 31st March, 2009:

Category	No. of Shares held	% of Shareholding
Promoters	18,31,400	58.83
Financial Institutions/Banks	—	—
Mutual Funds	—	—
Bodies Corporate	13,881	0.44
NRIs	4,110	0.13
Publics	12,63,909	40.60
Grand Total	31,13,300	100.00

n) Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity: The Company has not issued any GDRs/ ADRs.

n) Dematerialisation of : The Company has entered into Shares Agreement with NSDL / CDSL for Dematerialisation of Shares.
As on 31st March, 2010, a total of 22, 68,100 Shares of the Company which form 72.85% of the Share Capital of Company stands dematerialised.

10. PLANT LOCATIONS:

The Company's Plant is situated at:
Plot No. 431, Santej - Vadsar Road, Village: Santej,
Taluka : Kalol - 382 721, Dist : Gandhinagar.

11. ADDRESS FOR CORRESPONDENCE:

For both Physical and Electronic Form:
M/s. Link Intime (India) Private Limited.
211, Sudarshan Complex, Nr. Mithakhali Under Bridge,
Navrangpura, Ahmedabad – 380 009.

Tele. No. :(079) 2646 5179

Fax No. :(079) 2646 5179

e-mail Address:ahmedabad@linkintime.co.in

For any assistance regarding correspondence dematerialisation of shares, share transfers, transactions, change of address, non-receipt of dividend or any other query, relating to shares:

Registered Office : Plot No. 431,
Santej - Vadsar Road, Village: Santej,
Taluka : Kalol - 382 721, Dist : Gandhinagar.

Telephone Nos.:(02764) 28 66 73, (02764) 32 18 99

Fax No. :(02764) 28 66 74

Compliance Officer : Shri Ashok Chhajer, Managing Director

for and on behalf of the Board,

Place : Ahmedabad.

Date : 29th May, 2010.

Ashok Chhajer
Chairman & Managing Director

CERTIFICATE

To
The Members of
Gujarat Craft Industries Limited,

We have examined the compliance of conditions of corporate governance by M/s. Gujarat Craft Industries Limited, for the year ended on 31st March, 2010 as stipulated in clause 49 of the listing agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of corporate governance as stipulated in the above-mentioned listing agreement.

As per representation received from the Registrars of the Company, we state that as per records maintained by the Shareholders'/ Investors' Grievance Committee, no investor grievance remaining unattended/ pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Mehta Hurkat & Associates,
Company Secretaries

Place : Ahmedabad
Date : 29th May, 2010

Manoj R. Hurkat
Partner
COP 2574

MANAGEMENT DISCUSSION AND ANALYSIS**a. Industry Structure and Developments:**

The industry is dependent on performance of core sectors like agriculture, fertilizer, cement and exports. The policy changes in infrastructure and good monsoon during the year will lead towards the brighter future of the Company.

b. Opportunities and Threats:

The HDPE/PP Woven Sacks/Bags industry as a whole will be benefited by 40 % relaxation of Jute Mandatory and Packaging Order which will be enable Food Corporation of India and other agencies to pack 40 % of food grains in HDPE/PP Bags. HDPE/PP Bags sector is the biggest sector in India for packaging. The Company has successfully initiated its efforts for increasing exports and has set a target of exporting 50 % of its production.

c. Segmentwise Performance:

The Company is operating only in one segment. The production/ turnover/performance of the Company have been disclosed in the Directors' Report under the Head 'Production, Sales and Working Results'.

d. Recent Trend and Future Outlook:

The recent trend is quite favourable for the industry in view of good monsoon as the Company has sizable presence in fertilizer sector. The opening up of food grains sector will enable the Woven Sacks industry to see better times again.

e. Risks and Concerns:

The industry is plagued by intense competition due to major petrochemical manufacturers making available cheap raw material abundantly.

f. Internal Control Systems and their Adequacy:

The Company has adequate systems of Internal Controls commensurate with its size and operations to ensure orderly and efficient conduct of business. These controls ensure safeguarding of assets, reduction and detection of fraud and error, adequacy and completeness of the accounting records and timely preparation of reliable financial information.

g. Financial Performance with respect to Operational Performance:

The financial performance of the Company for the year 2009-10 is described in the Directors' Report under the head 'Review of Operations'.

h. Material Developments in Human Resources and Industrial Relations Front:

The Company has continued to give special attention to Human Resources/Industrial Relations development. Industrial relations remained cordial throughout the year and there was no incidence of strike, lock-out etc.

i. Cautionary Statement:

Statement in this Management Discussion and Analysis Report, describing the Company's objectives, estimates and expectations may constitute 'Forward Looking Statements' within the meaning of applicable laws or regulations. Actual results might differ materially from those either expressed or implied.

for and on behalf of the Board,

Place : Ahmedabad.
Date : 29th May, 2010

Ashok Chhajer
Chairman & Managing Director

AUDITORS' REPORT

To,
The Members of
Gujarat Craft Industries Limited,
Ahmedabad

1. We have audited the attached balance sheet of **Gujarat Craft Industries Limited** as at **March 31, 2010**, the profit & loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies [Auditors' Report] Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books.
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the balance sheet, profit & loss account and cash flow statement dealt with by this report comply with accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) On the basis of the written representations received from directors, as on 31st March 2010, and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956, on the said date.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and *subject to non-provision of doubtful debts of Rs.14.97 Lacs, (refer note 2(i) of schedule 18) and its consequential effects on profit and loss statement and reserves*, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) in the case of the profit & loss account, of the 'Profit' of the Company for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **KANTILAL PATEL & Co.**
Chartered Accountants
Firm Registration No. 104744W

[Gopal S. Baldi]
Partner

Membership No.: 125930

Place : Ahmedabad
Date : May 29, 2010

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR AUDITORS' REPORT TO THE MEMBERS OF GUJARAT CRAFT INDUSTRIES LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010.

(i) Fixed Assets register is under compilation. We are informed by the management that they have verified the fixed assets during the year. However, in absence of proper fixed assets register material discrepancies if any, could not be noticed between physical verification and book records. Hence, the fixed assets as appearing in books of account are carried in financial statements.

The company has not disposed off substantial part of fixed assets during the year.

- (ii) (a) As explained to us, the inventory have been physically verified during the year by the management. In respect of inventory lying with third parties, inventory have been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of inventory and the discrepancies noticed on such physical verification between physical stocks and book records were not material and have been adequately dealt with in the books of account.
- (iii) (a) The company has not granted loans to any company and hence paragraphs 4(iii) (a), (b), (c), and (d) of Company (Auditors' Report) Order, 2003 are not applicable to the company. The company has taken unsecured, interest free demand loans, from companies listed in the register maintained under section 301 of the Act. The number of companies from whom loans taken during the year is eleven. The maximum amount involved during the year was Rs. 529.41 lakhs and the year-end balance of loans taken from such companies is Rs. 442.43 lakhs.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans granted or taken by the company, are *prima facie* not prejudicial to the interest of the company. The principal amount is received when demanded by the company and paid by the company when demanded.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act during the year.
- (vi) According to the information and explanations given to us, the company has not accepted any deposits from the public falling within the purview of section 58A of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion, the company has an internal audit system commensurate with the size of the company and the nature of its business.
- (viii) To the best of our knowledge and as informed, the Central Government has not prescribed under section 209 [1][d] of the Companies Act, 1956, maintenance of cost records for the products manufactured by the company.
- (ix) (a) The company is generally regular in depositing undisputed provident fund, investor education & protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- (b) According to the information and explanations given to us, no undisputed amount in respect of aforesaid statutory dues were outstanding for Income tax amounting to Rs. 3.75 Lakhs as at 31st March, 2010 for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, as at the balance sheet date there were no dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of dispute.
- (x) The company has no accumulated losses and has not incurred any cash losses during the current financial year or for immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks. The company has not obtained any borrowings from financial institutions or by way of debentures.
- (xii) In our opinion and according to the information and explanation given to us, no loans and advances have been granted on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) According to information and explanation given to us, the company has not given guarantee for loans taken by others from banks or financial institutions.
- (xiv) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the term loans raised during the year were *prima facie* been used for the purpose for which they were raised.
- (xv) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xvi) During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xvii) The company has not issued any debentures during the year.
- (xviii) The company has not raised any money by way of public issue during the year.
- (xix) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.
- (xx) In our opinion and according to the information and explanations given to us, the nature of the company's business/activities during the year are such that clause:
- 4(xiii) provisions of any special statute applicable to chit fund,
- 4(xiv) dealing or trading in shares, securities, debentures and other investments of Company (Auditors' Report) Order, 2003 are not applicable to the Company.

For **KANTILAL PATEL & Co.**
Chartered Accountants
Firm Registration No. 104744W

[Gopal S. Baldi]

Partner

Membership No.: 125930

Place : Ahmedabad
Date : May 29, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

Particulars	Sche- dule	(Rs. in '000)	As at 31-03-2010 (Rs. in '000)	As at 31-03-2009 (Rs. in '000)
SOURCES OF FUNDS:				
1) SHARE HOLDERS' FUNDS:				
Share Capital	1	31133		31133
Reserves & Surplus	2	<u>22905</u>		<u>19895</u>
2) LOAN FUNDS :				
Secured Loans	3	65531	54038	51028
Unsecured Loans	4	<u>51954</u>		<u>61077</u>
3) DEFERRED TAX LIABILITY (NET)				
	5		117485	<u>107250</u>
TOTAL			<u>6781</u>	6643
APPLICATION OF FUNDS:				
1) FIXED ASSETS :				
Gross Block	6	111563		104112
Less: Depreciation		<u>45121</u>		<u>40834</u>
Net Block		66442		63278
Capital Work in Progress		<u>9192</u>		<u>6629</u>
2) INVESTMENTS				
			75634	69907
3) CURRENT ASSETS, LOANS & ADVANCES :				
Inventories	7	80894		
Sundry Debtors	8	43766		74782
Cash and Bank Balances	9	1744		29478
Loans and Advances	10	<u>12577</u>		2560
Sub Total (A)		138981		<u>14970</u>
4) LESS: CURRENT LIABILITIES & PROVISIONS				
Current Liabilities	11	35200		26068
Provisions	12	<u>1111</u>		708
Sub Total (B)		36311		<u>26776</u>
Net Current Assets (A-B)			102670	95014
TOTAL			<u>178304</u>	<u>164921</u>
Significant Accounting Policies & Notes to the Financial Statements	18			

This is the Balance Sheet referred to in our report of even date
For Kantilal Patel & Co.
Chartered Accountants

Gopal S. Baldi
Partner

For and on behalf of the Board

Ashok Chhajer *Managing Director*

Kashyap Mehta *Director*

Place : Ahmedabad
Date : 29th May, 2010

Place : Ahmedabad
Date : 29th May, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Particulars	Schedule	Current Year (Rs. in '000)	Previous Year (Rs. in '000)
INCOME:			
Sales (Gross)	13	281614	275138
Less : Excise on Sales		17056	21857
Net Turnover		264558	253281
Other Income	14	197	260
TOTAL		264755	253541
EXPENDITURE:			
Materials	15	205410	199147
Manufacturing & Other Expenses	16	39194	33976
Financial Expenses	17	10953	11954
Depreciation	6	5177	4059
TOTAL		260734	249136
Profit Before Income Tax		4021	4405
Provision For Taxation:			
Current Tax		871	454
Deferred Tax Charges / (Credit)		138	1027
Fringe Benefit Tax		-	80
Income tax of earlier year		2	8
Profit For The Year After Tax		3010	2836
Balance as per last Year's			
Balance Brought Forward		19465	16629
Balance Carried to Balance Sheet		22475	19465
Basic & Diluted Earnings Per Share of RS. 10/- Each (Refer Note No. 2(f) of Schedule No. 18)		0.97	0.91
Significant Accounting Policies & Notes to the Financial Statements	18		

This is the Profit & Loss Account referred to in
our report of even date

For Kantilal Patel & Co.
Chartered Accountants

Gopal S. Baldi
Partner

Place : Ahmedabad
Date : 29th May, 2010

For and on behalf of the Board

Ashok Chhajer Managing Director

Kashyap Mehta Director

Place : Ahmedabad
Date : 29th May, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year Ended 31-03-2010 (Rs. in '000)	Year Ended 31-03-2009 (Rs. in '000)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax & Extra Ordinary Item	4022	4405
Adjustment for :		
- Depreciation	5176	4059
- Interest / dividend / others	(197)	(260)
- Financial Expenses	10953	11954
- Provision of Employee Benefit	41	64
	15973	15817
Operating Profit before Working Capital Changes	19995	20222
Adjustment for :		
- Trade & other Receivable	(11894)	15008
- Inventories	(6112)	(13056)
- Trade payable	9131	(9435)
- Income Tax	(510)	(102)
	(9385)	(7585)
NET CASH FROM OPERATING ACTIVITIES	10610	12637
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(11810)	(7712)
Sale of Fixed Assets	706	—
Loss on Sale of Fixed Assets	199	—
Interest / dividend / others	197	260
	(10708)	(7452)
C. CASH FLOW FROM FINANCIAL ACTIVITIES :		
Proceeds from borrowings	19027	28163
Repayment of borrowings	(8739)	(22321)
Financial Expenses	(11007)	(12051)
Net Cash Generated/(Used) on financial Activities	(719)	(6209)
Net Increase / (Decrease) in Cash & Cash Equivalents (A + B - C)	(817)	(1024)
Cash & Cash Equivalents as at 01.04.2009	2560	3584
Cash & Cash Equivalents as at 31.03.2010 (refer schedule 9)	1743	2560

Note:

- Cash Flow statement is prepared as per indirect method as stated in AS 3, issued by Institute of Chartered Accountants of India.

This is the Cash Flow Statement referred to in our report of even date.

For Kantilal Patel & Co.
Chartered Accountants

Gopal S. Baldi
Partner

For and on behalf of the Board

Ashok Chhajer Managing Director

Kashyap Mehta Director

Place : Ahmedabad
Date : 29th May, 2010

Place : Ahmedabad
Date : 29th May, 2010

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31-03-2010 (Rs. In '000)	As at 31-03-2009 (Rs. In '000)
SCHEDULE - 1 : SHARE CAPITAL		
AUTHORISED :		
50,00,000 Equity Shares of Rs.10/- each (Previous Year 50,00,000 Equity Shares of Rs.10/- each)	<u>50000</u>	<u>50000</u>
ISSUED, SUBSCRIBED & PAID UP :		
31,13,300 Shares (previous year 31,13,300) of Rs.10/- each fully paid up.	<u>31133</u>	<u>31133</u>
	<u>31133</u>	<u>31133</u>
SCHEDULE - 2 : RESERVES & SURPLUS		
GENERAL RESERVE		
Opening Balance	430	430
PROFIT & LOSS ACCOUNT	<u>22475</u>	<u>19465</u>
	<u>22905</u>	<u>19895</u>
SCHEDULE - 3 : SECURED LOANS		
CASH CREDIT/PACKING CREDIT/S.L.C. FROM STATE BANK OF INDIA		
Hypothecation of entire current assets of the company and hypothecation of existing Plant & Machineries, Electric installation, Building & Proposed machineries & Building.	50826	45231
CORPORATE LOAN FROM STATE BANK OF INDIA	-	3050
Hypothecation of entire current assets of the company and hypothecation of existing Plant & Machineries, Electric installation, Building & Proposed machineries & Building.	-	-
ADD: Interest Accrued & Due (Principal repayable within One year Rs. NIL, P.Y. Rs. 3050)	-	35
	-	<u>3085</u>
W.C.D. LOAN FROM STATE BANK OF INDIA	4500	-
Hypothecation of entire current assets of the company and hypothecation of existing Plant & Machineries, Electric installation, Building & Proposed machineries & Building.	40	-
ADD: Interest Accrued & Due (Principal repayable within One year Rs. 4500)	40	-
	<u>4540</u>	-
TERM LOAN FROM STATE BANK OF INDIA	8562	11602
Hypothecation of entire current assets of the company and hypothecation of existing Plant & Machineries, Electric installation, Building & Proposed machineries & Building.	82	141
ADD: Interest Accrued & Due (Principal repayable within One year Rs. 8604 P.Y. Rs. 5000)	82	141
	<u>8644</u>	<u>11743</u>
Loan From Finance Company Against hypothecation of vehicle	<u>1521</u>	<u>1018</u>
	<u>65531</u>	<u>61077</u>

	As at 31-03-2010 (Rs. In '000)	As at 31-03-2009 (Rs. In '000)
SCHEDULE - 4 : UNSECURED LOANS		
Corporate Loans	51954	46173
	51954	46173

SCHEDULE - 5 : Deferred Tax Liability (Net)

Deferred Tax Liability		
Difference between Book and Income Tax Depreciation	6905	6748
Deferred Tax Assets		
Expenditure under section 43 B of Income Tax Act, 1961	124	105
Deferred Tax Liability (Net)	6781	6643

SCHEDULE - 6 : FIXED ASSETS

Description	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
	As at 1-4-09	Addition	Deduction	Total As at 31-3-10	As at 01-04-09	Addition	Deduction	Total As at 31-3-10	As at 31-3-10	As at 31-03-09
	Land (Free Hold)	2285	—	—	2285	—	—	—	—	2285
Factory Building	26508	6096	—	32604	5888	903	—	6791	25813	20620
Plant & Machinery	66239	875	—	67114	31808	3562	—	35370	31744	34431
Electrical Equipments	3677	0	—	3677	1699	213	—	1912	1765	1978
Office Equipments	1182	26	—	1188	67	57	—	124	1064	1095
Computers	256	0	—	256	109	41	—	150	106	147
Furniture & Fixtures	392	10	—	402	74	36	—	110	292	318
Vehicles	3593	1714	1270	4037	1189	365	890	664	3373	2404
TOTAL :	104112	8721	1270	111563	40834	5177	890	45121	66442	63278
Previous Year	88242	15870	—	104112	36775	4059	—	40834	63278	51467
Capital Work-in-Progress										
Plant & Machinery	578	1040	525	1093	-	-	-	-	1093	578
Electric Equipment	-	59	-	59	-	-	-	-	59	0
Building under Construction	6051	2829	6096	2784	-	-	-	-	2784	6051
Capital Advance	-	5256	-	5256	-	-	-	-	5256	0
Total Capital Work-in-Progress	6629	9184	6621	9192	-	-	-	-	9192	6629
Previous Year	14787	2318	10476	6629	-	-	-	-	6629	14787

	As at 31-03-2010 (Rs. In '000)	As at 31-03-2009 (Rs. In '000)
SCHEDULE - 7 : INVENTORIES		
(As taken valued and certified by Management)		
Raw Materials	8786	10219
Semi Finished Goods	50625	47819
Finished Goods	17695	13663
Waste	315	131
Stores & Spares	952	1204
Stock in Transit	2521	1746
	<u>80894</u>	<u>74782</u>
SCHEDULE - 8 : SUNDRY DEBTORS		
(Unsecured, Considered Good except stated otherwise)		
Debts outstanding for a period exceeding Six months:		
- Considered Good	5547	3385
- Doubtful	<u>777</u>	<u>872</u>
Other Debts	6324	4257
	<u>37442</u>	<u>25221</u>
	<u>43766</u>	<u>29478</u>
SCHEDULE - 9 : CASH & BANK BALANCES		
CASH ON HAND	354	439
BALANCES WITH SCHEDULED BANK		
- In Current Accounts	121	205
- Fixed Deposits (Pledged with Bank Rs. 1263605/-, P.Y.1911498/- towards margin money)	1269	1916
	<u>1744</u>	<u>2560</u>
SCHEDULE - 10 : LOANS & ADVANCES		
(Unsecured, Considered Good)		
Advance Recoverable in cash or kind or for value to be received	6351	13277
Tender & Sundry Deposits	<u>6226</u>	<u>1693</u>
	<u>12577</u>	<u>14970</u>
SCHEDULE - 11 : CURRENT LIABILITIES		
Sundry Creditors (See ref. note k)	25547	23343
Advance from customers	7519	878
Other Liabilities	<u>2134</u>	<u>1847</u>
	<u>35200</u>	<u>26068</u>
SCHEDULE - 12 : PROVISIONS		
Income Tax (Net off advance tax)	833	391
Fringe Benefit Tax	-	80
Employee Benefits	<u>278</u>	<u>237</u>
	<u>1111</u>	<u>708</u>

	Year Ended 31-03-2010 (Rs. In '000)	Year Ended 31-03-2009 (Rs. In '000)
SCHEDULE - 13 : SALES		
Sales	278556	272477
Waste Sales	<u>3058</u>	<u>2661</u>
	<u>281614</u>	<u>275138</u>
SCHEDULE - 14 : OTHER INCOME		
Interest (T.D.S. Rs. 34620/-, P.Y. Rs. 59448/-)	<u>197</u>	<u>260</u>
	<u>197</u>	<u>260</u>
SCHEDULE - 15 : MATERIALS		
Opening Stock		
Semi Finished Goods	47819	35734
Finished goods	13663	7026
Less : Excise duty	<u>1040</u>	<u>885</u>
Waste	12623	6141
	<u>131</u>	<u>71</u>
	60573	41946
Raw Material Consumed	211796	217767
Purchase of Goods	<u>23</u>	<u>7</u>
	272392	259720
<u>Less: Closing Stock</u>		
Semi Finished Goods	50625	47819
Finished goods	17695	13663
Less : Excise duty	<u>1652</u>	<u>1040</u>
Waste	16043	12623
	<u>314</u>	<u>131</u>
	66982	60573
	<u>205410</u>	<u>199147</u>

	Year Ended 31-03-2010 (Rs. In '000)	Year Ended 31-03-2009 (Rs. In '000)
SCHEDULE - 16 : MANUFACTURING & OTHER EXPENSES		
Labour & Process charges	6156	5424
Stores & Spares Consumed	4395	3280
Power & fuel	14756	12346
Commission & Discount		69
REPAIRS & MAINTENANCE :		
- Plant & machinery	328	160
- Building	24	23
- Other	236	249
Transportation Charges	588 4337	432 7886
PAYMENT TO & PROVISION FOR EMPLOYEES:		
- Salary, Wages, Allowances, gratuity & Bonus	2649	1928
- Provident Fund	137	91
- Staff Welfare	143	78
Professional Charges	2929 453	2097 380
AUDITORS' REMUNERATION :		
- Audit Fees	75	75
- For Tax Audit	30	30
- For Certification	17	18
Telephone & Postage Expenses	122	123
Insurance	370	380
VAT expenses	314	273
Advertising Expenses	145	326
Vehicle Running Expenses	56	15
Travelling Expenses	694	592
Miscellaneous Expenses	661	329
Loss on sale of vehicles	1715	987
Loss (Gain) on Foreign exchange rate fluctuation	199	
Sundry Debit/Credit Balance Written off (net)	390	(604)
	914	(359)
	<u>39194</u>	<u>33976</u>
SCHEDULE - 17 : FINANCIAL EXPENSES		
Interest on Fixed Loan	1552	2835
Interest on Cash Credit	5489	6536
Others	3153	2202
Bank Charges	759	381
	<u>10953</u>	<u>11954</u>

SCHEDULE-18 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS**1. SIGNIFICANT ACCOUNTING POLICIES :****a) ACCOUNTING CONVENTION:**

The Financial statements have been prepared in accordance with the accounting principals generally accepted in India (Indian GAAP) and comply with the companies (Accounting Standards) Rules, 2006 issued by the Central Government and relevant provisions of Companies Act, 1956 and are based on the historical cost Convention as modified to include the revaluation of certain fixed assets.

b) USE OF ESTIMATES

Preparation of financial statements in conformity with the generally accepted accounting principles require Management to make estimates and assumptions that affect the reported amounts of the financial Statements and accompanying notes. Difference between the actual result and estimates, are recognized in the period in which the results are known/materialized.

c) FIXED ASSETS, DEPRECIATION AND EXPENDITURE DURING CONSTRUCTION PERIOD:

i) Fixed Assets are stated at cost of acquisition and installation, net of cenvet, Vat less accumulated Depreciation. Borrowing costs incurred during the period of construction/Acquisitions of assets are added to the cost of Fixed Assets. Major expenses on modification/alterations increasing efficiency/capacity of the plant are also capitalized.

ii) Depreciation on fixed assets is provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act,1956, (as amended).

iii) Impairment of Assets :

At each balance sheet date, the carrying amount of assets are assessed whether there is any indication of impairment. If estimated recoverable amount is found less than its carrying amount, impairment loss is recognized and assets are written down to their recoverable amount.

d) EMPLOYEE BENEFITS :**(a) Short Term Employee Benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences, etc, and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

(b) Post-Employment Benefits :**(i) Defined Contribution Plans :**

State Governed Provident Fund scheme and employees state insurance scheme are defined contribution plans. The contribution paid / payable under the scheme is recognized during the period in which the employees renders the related services.

(ii) Defined Benefit Plans:

The employee' s gratuity fund scheme and compensated absences is company's defined benefit plans. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefits entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government Securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

Actuarial gains and losses are recognized immediately in the profit and loss account.

Gains or losses on the curtailment or settlement of any defined benefits plans are recognized when the curtailment or settlement occurs. Past service cost is recognized as expense on a straight-line basis over the average period until the benefits become vested.

(c) Long term employee benefits :

The obligation for long term employee benefits such as long term compensated absences, is recognized in the same manner as in case of defined benefit plans as mentioned in b) ii) above.

e) INVENTORIES :

Stocks of Stores and spares, raw materials are valued at lower of cost or net realizable value and for this purpose cost is determined on First-in-First out basis.

Work-in-progress and Finished Products are valued at lower of cost or net realizable value and for this purpose cost is determined on absorption costing basis.

Waste is valued at net realizable value.

Stock in Transit is valued at cost.

f) REVENUE RECOGNITION

i) Revenue is recognized when it is earned and no significant uncertainty exist as to its realization or collection.

ii) Revenue from sales of goods is recognized on delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for a price, significant risks & rewards of ownership are transferred to the customers and no effective ownership is retained.

iii) Gross sales are inclusive of excise duty and net of trade discounts and VAT. The excise duty recovered is presented as a reduction from gross turnover.

g) BORROWING COSTS:

Borrowing costs, whether specific or general utilized for acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets till the activities necessary for its intended use or sale are complete. All other borrowing costs are charged to profit and loss statement of the year in which incurred.

h) FOREIGN CURRENCY TRANSACTIONS :

(i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

(ii) Monetary items denominated in foreign currency at the year end are translated at the exchange rates prevailing at the balance sheet date.

(iii) Premium or discount arising at the inception of the forward exchange contract is amortized as income or expense over the period of the contract. Any profit or loss arising in renewal or cancellation of forward exchange contracts are recognized as income or expenses during the year.

(iv) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.

(v) Losses in respect of all outstanding derivative contracts at the balance sheet date is provided by marking them to market.

i) TAXES ON INCOME AND EXPENSES :

- i) Current tax is determined as the amount of tax payable in respect of taxable income for the year.
- ii) Deferred tax is recognized on difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed at each balance sheet date to reassess realisation.

j) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

Provisions are recognized when the company has present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

Contingent liabilities are disclosed by way of notes to financial statements.

Contingent Assets are neither recognized nor disclosed in the financial statements.

Provisions, contingent Liabilities and contingent assets are reviewed at each balance sheet date.

k) CONTINGENCIES AND EVENTS OCCURRING AFTER THE BALANCE SHEET DATE :

All contingencies and events occurring after the Balance Sheet date which have a material effect on the financial position of the Company are considered for preparing the financial statements.

2. NOTES TO FINANCIAL STATEMENTS:

a) ESTIMATED CONTRACTS :

Estimated amount of contracts remaining to be executed on Capital Account (net of advances) not provided for Rs. 32,540/- (P.Y. Rs. 2,211).

	As at 31-03-2010 (Rs.in'000)	As at 31-03-2009 (Rs.in'000)
b) CONTINGENT LIABILITIES NOT PROVIDED FOR :		
i) Differential amount of Custom/Excise Duty in respect of machinery imported under EPCG Scheme. Note: Future Cash outflows respect of above will depend if company is unable to fulfill export obligations of Rs. 4440 within next Six Year (P.Y. Rs. 4440 within next Seven Years)	634	634
ii) Bank Guarantee given by bank on behalf of the company	3043	1253
c) MANAGING DIRECTOR'S REMUNERATION :		
	2009-10 (Rs.in'000)	2008-09 (Rs.in'000)
i) Remuneration	240	240
ii) Perquisites	34	34
	274	274

d) Employee Benefits :

(i) Defined Contribution plans :

Amount of Rs. 78 (P.Y. Rs. 65) is recognized as expenses and included in "Payment to and Provision for Employees" (Schedule '16') in the Profit and Loss Account.

(ii) Defined Benefit Plans :

Gratuity & Leave Encashment : (unfunded).

- (a) The changes in present value of defined benefit obligation representing reconciliation of opening and closing balance thereof as follows :

(Rs. in '000)

Particulars	Gratuity Plan		Leave Encashment	
	31.03.10	31.03.09	31.03.10	31.03.09
Opening defined benefit obligation as at 01.04.2009	205	153	32	20.00
Service Cost	40	22	17	10.00
Interest Cost	16	12	3	1.00
Actuarial Losses (Gains)	12	18	(10)	1.00
Losses (Gains) on curtailments	-	-	-	-
Liabilities extinguished on settlements	-	-	-	-
Benefits Paid	(32)	-	(5)	-
Closing defined benefit obligation as at 31.03.2010	241	205	37	32.00

- (b) The amounts recognized in Profit and Loss Account are as follows :

Particulars	Gratuity Plan		Leave Encashment	
	31.03.10	31.03.09	31.03.10	31.03.09
1. Current Service Cost	40	22	17	10
2. Interest Cost	16	12	3	1
3. Expected return on plan assets	-	-	-	-
4. Net Actuarial Losses (Gain) recognised in year	12	18	(10)	1
5. Past service cost	-	-	-	-
6. Losses (gains) on curtailments and settlement	-	-	-	-
Total included in Payment to and Provision for Employee	68	52	10	12
Employee (Ref. Sch. '16')				
Actual return on plan assets	-	-	-	-

- (c) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

Particulars	Gratuity Plan		Leave Encashment	
	31.03.10	31.03.09	31.03.10	31.03.09
Discount Rate	8%	7.75%	8%	7.75%
Expected return on plan assets	8%	7.75%	8%	7.75%
Annual increase in salary costs	6%	6%	6%	6%

The estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority, Promotion and other relevant factors, such as supply and demand in the employment market.

(d) Amount pertaining to defined benefit plans are as follows :

Particulars	Gratuity Plan		Leave Encashment	
	31.03.10	31.03.09	31.03.10	31.03.09
Defined benefit obligation	241	205	37	32
Plan Assets	-	-	-	-
Surplus (deficit)	241	205	37	32
Experience adjustments of plan liabilities	-	-	-	-
Experience adjustments of plan Assets	-	-	-	-

Notes :

The Company provides retirement benefit in the form of Provident Fund/Gratuity and Leave Encashment Provident Fund contributions made to "Government Administrated Provident Fund" are treated as defined contribution plan since are company has no further obligations beyond its monthly contributions. Grauity and Leave encashment are treated as defined benefit plan and remain unfunded.

e) RESEARCH AND DEVELOPMENT EXPENSES:

Amount of expenditure incurred on Research and Development is Rs. NIL (P.Y.Rs.NIL)

f) EARNINGS PER SHARE :

- i) The amount used as the numerator in calculating basic and diluted earning per share is the net profit for the year disclosed in the profit and loss account.
- ii) The weighted average number of equity shares used as the denominator in calculating both basic and diluted earnings per share is 3113300 (P.Y. 3113300).

g) In accordance with AS1 14 (Revised) on Disclosure of Revenue from Sales transactions issued by Institute of Chartered Accountants of India, excise duty on Sales amounting to Rs. 17056 (P.Y. Rs. 21856) has been deducted from Sales in profit and loss account, whereas net difference in excise duty on inventory of Finished goods of Rs. 612 (P.Y. - Rs. 155) is shown under materials.

h) RELATED PARTY DISCLOSURES: (As identified by Management)

i) Key Management Personnel :

Ashok Kumar Chhajer

Kashyap R. Mehta

Binod Chhajer

ii) Transactions carried out with related parties referred to in (i) above.

	2009-2010 (Rs.in'000)	2008-2009 (Rs.in'000)
Expenses:		
Remuneration	274	274
Director Sitting Fees	-	-
Professional fees	51	51

i) **SEGMENT INFORMATION :**

Based on the guiding principle given in Accounting Standard-17 on Segment Reporting (issued by the Institute of Chartered Accountants of India), the Company's primary business is manufacturing of P.E.Tarpaulin, HD/PP Woven Sacks, Fabrics which have similar risks and returns. Accordingly there are no separate reportable segment as far as primary segment is concerned.

The operation of the Company are in India and all assets and liabilities are located in India. An Analysis of sales by geographical market is given below.

<u>Name of the Country</u>	<u>2009-2010</u> <u>(Rs.in'000)</u>	<u>2008-2009</u> <u>(Rs.in'000)</u>
India	217164	191177
Middle East	31396	32291
African	25237	17283
Havana	0	32326
Others	7817	2061
	<u>281164</u>	<u>275138</u>

j) **DERIVATIVE INSTRUMENTS:**

Foreign currency exposure that are not hedged by derivative instruments as on 31st March,2010-US \$ NIL Equivalent to Rs.NIL (P.Y. \$ NIL Equivalent to Rs. NIL)

k) Based on the information available with the company there are no suppliers who are registered under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31st, 2010.

Hence, the disclosure relating to amounts unpaid as at the year end to gather interest paid / payable under this Act have not been given. This has been relied upon by the Auditors.

l) Sundry debtors include Rs.1497 (P.Y.Rs.872) which are outstanding more than six months and considered as doubtful.However,no provision has been made.

m) Sundry debtors and creditors are subject to confirmations.

n) The additional information pursuant to the provisions of Paragraphs 3 and 4 of Part-II of the Schedule VI to the Companies Act,1956.

(l) **CAPACITY & PRODUCTION :**

<u>CAPACITY INSTALLED :</u>	<u>Unit</u>	<u>Current Year</u>	<u>Previous Year</u>
PP/HDPE-FABRICS/SACKS/TARPAULIN	M.T.	3000	3000
<u>PRODUCTION :</u>			
PP/HDPE-FABRICS/SACKS/TARPAULIN	M.T.	2825	2993

1) The installed capacity is as certified by the management.

2) Includes 10 Mt. (37 Mt.) done for outsiders and 424 Mt.(500 Mt.) converted from outsiders.

(II) TURNOVER :

	UNIT	QUANTITY	(Rs.in'000)	QUANTITY	(Rs.in'000)
FABRICS	M.T.	364	35999	1159	106922
SACKS	M.T.	1471	136989	1192	111651
TARPAULIN	M.T.	978	105931	557	53412
OTHERS	—	—	3235		3153
			<u>281614</u>		<u>275138</u>

(III) CONSUMPTION OF RAW MATERIALS :

		Current Year		Previous Year	
	UNIT	QUANTITY	(Rs.in'000)	QUANTITY	(Rs.in'000)
FABRICS	M.T.	432	32357	690	48039
GRANULES	M.T.	2745	175849	2626	166437
OTHERS	—	—	3590	—	3291
			<u>211796</u>		<u>217767</u>

(IV) PURCHASES OF GOODS :

SACKS	M.T.	1	23	—	—
MACHINES	M.T.	—	—	1	7
			<u>23</u>		<u>7</u>

(V) STOCKS OF FINISHED GOODS :

		OPENING STOCK		CLOSING STOCK	
	Unit	Qty.	(Rs.in'000)	Qty.	(Rs.in'000)
SACKS	NOS	320872	4341	164066	2307
		(522597)	(7026)	(320872)	(4342)
TARPAULIN	NOS	11798	9322	19789	15388
		(—)	(—)	(11798)	(9321)

Note: Figure in bracket relate to Previous Year.

(VI) VALUE OF IMPORTS ON CIF BASIS DURING THE FINANCIAL YEAR IN RESPECT OF

		Current Year		Previous Year	
	UNIT	QUANTITY	(Rs.in'000)	QUANTITY	(Rs.in'000)
Raw Materials		493	27813	97	5075
Machines		—	—	—	120

		Current Year		Previous Year	
		(Rs.in'000)	% of total	(Rs.in'000)	% of total
(VII) VALUE OF RAW MATERIALS CONSUMED :					
a) Imported		30604	14.45	5531	2.54
b) Indigenous		181192	85.55	212236	97.46
		<u>211796</u>	<u>100</u>	<u>217767</u>	<u>100</u>

	Current Year		Previous Year	
	(Rs.in'000)	% of total	(Rs.in'000)	% of total
(VIII) VALUE OF STORES & SPARE PARTS CONSUMED :				
a) Imported	—	—	—	—
b) Indigenous	4395	100	3280	100
	<u>4395</u>	<u>100</u>	<u>3280</u>	<u>100</u>
(IX) EXPENDITURE IN FOREIGN CURRENCY :				
	2009-10		2008-09	
a) Traveling	169		20	
b) Raw Materials	22301		3403	
c) Machines	82		120	
(X) EARNINGS IN FOREIGN CURRENCY				
By way of export of goods	53030		77518	
n) (i)	Previous year figures have been restated wherever necessary to make them comparable with the current year's figures.			
(ii)	All the figures are in rupees thousands, unless stated otherwise.			

o) ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE**I. Registration Details**

Registration No.	04-7130	State Code	04
Balance Sheet Date :	31-03-2010		

II. Capital Raised during the year (Amount in Rs. '000)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and deployment of funds (Amount in Rs.'000)

Total Liabilities	179651	Total Assets	179651
Source of Funds		Application of Funds	
Paid-up Capital	31133	Net Fixed Asset	75635
Reserves and Surplus	24252	Investments	—
Secured Loans	65531	Net Current Assets	104016
Unsecured Loans	51954	Misc. Expenditure	—
Deferred Tax Liability (Net)	6781		

IV. Performance of the Company (Amount in Rs.'000)

Turnover including other income	264755	Total Expenditure	258784
Profit before Tax	5971	Profit after Tax	—
Earnings per share in Rs.	1.40	Dividend Rate (%)	—

V. Generic Names of three principal products/services of Company

<u>ITEM CODE NO.</u>	<u>PRODUCT DESCRIPTION</u>
1. 392010.01	HDPE/PP WOVEN FABRICS/SHEETS
2. 392010.01	HDPE/PP WOVEN SACKS
3. 392010.01	TARPAULIN

SIGNATURES TO SCHEDULE 1, TO 18

As per our report of even date attached
For Kantilal Patel & Co.
Chartered Accountants

Gopal S. Baldi
Partner

Place : Ahmedabad
Date : 29th May, 2010

For and on behalf of the Board

Ashok Chhajer *Managing Director*

Kashyap Mehta *Director*

Place : Ahmedabad
Date : 29th May, 2010

GUJARAT CRAFT INDUSTRIES LIMITED

Registered Office:

Plot No. 431, Santej-Vadsar Road, Village:Santej, Taluka:Kalol-382 721, Dist:Gandhinagar.

26th Annual General Meeting
Saturday, the 25th September, 2010 at 12.00 Noon

ATTENDANCE SLIP

Place : At the Registered Office of the Company at:
Plot No. 431, Santej-Vadsar Road,
Village:Santej,
Taluka:Kalol-382 721,
Dist:Gandhinagar.

Signature of Member/ Proxy attending the meeting _____

Notes:

1. This meeting is only for members. Please, therefore, do not bring person in the meeting who is not a member.
2. Please bring this attendance slip duly signed and hand it over to the representative of the Company at the entrance of the meeting place.

GUJARAT CRAFT INDUSTRIES LIMITED

Registered Office:

Plot No. 431, Santej-Vadsar Road, Village:Santej, Taluka:Kalol-382 721, Dist:Gandhinagar.

FORM OF PROXY

I/We _____
of _____ in the district of _____
being member/s of the above named Company hereby appoint _____
of _____ in the district of _____
or failing him _____
of _____ in the district of _____
as my/our Proxy to attend and vote for me/us on my/our behalf at the 26th Annual General Meeting of the
Company, to be held on Saturday, the 25th September, 2010 and/or at any adjournment thereof.
Signed the _____ day of _____ 2010.

Signature

Affix
Signature
Revenue
Stamp

N.B. : This Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.

Book - Post

To

If undelivered, please return to

GUJARAT CRAFT INDUSTRIES LIMITED

REGISTERED OFFICE:

Plot No. 431, Santej-Vadsar Road,
Village:Santej, Taluka:Kalol-382 721,
Dist:Gandhinagar.

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